

SUBSTITUTE FOR
HOUSE BILL NO. 4129

A bill to establish a teachers loan forgiveness program for eligible teachers in certain at-risk schools; to establish a teachers loan forgiveness fund and to provide for its administration; and to prescribe certain powers and duties of certain state officers, agencies, and departments.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "excellence in education act".

3 Sec. 2. As used in this act:

4 (a) "At-risk school" means a public or nonpublic elementary or
5 secondary school where at least 50% of students at the school meet
6 the income eligibility criteria for free breakfast, lunch, or milk
7 in the immediately preceding state fiscal year, as determined under
8 the national school lunch act, 42 USC 1751 to 1769h.

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(b) "Authority" means the Michigan higher education student loan authority created by the higher education loan authority act, 1975 PA 222, MCL 390.1151 to 390.1165.

(c) "Eligible debt" means the total unpaid amount of all of an individual's unpaid Michigan alternative student loans, calculated at the time the individual first [applies for a grant under this act.

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(d) "Fund" means the teachers loan forgiveness fund created in section 6.

(e) "Grant" means money awarded to an individual under this act in an amount determined under section 5.

(f) "Michigan alternative student loan" means a loan made to an individual by the authority under the Michigan alternative student loan program authorized under section 4a of the higher education loan authority act, 1975 PA 222, MCL 390.1154a, and described in R 390.1621 to R 390.1636 of the Michigan administrative code.

Sec. 3. The teachers loan forgiveness program is created, to be administered by the authority. Subject to appropriation, the authority shall do all of the following:

(a) Award grants to eligible teachers under this act.

(b) Develop an application form and application process for teachers applying for grants under this act.

(c) Promulgate any rules necessary to implement this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

Sec. 4. The authority may award a grant under section 5 to an

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individual determined by the authority to meet all of the following eligibility criteria:

(a) At the time of application, the individual has eligible debt.

(b) Is a legal resident of this state.

(c) Has not previously defaulted and is not currently in default on a [Michigan alternative student loan].

(d) Has accepted an offer of employment or will continue to teach in an at-risk school in the school's academic year that begins on or after the first July 1 following the date of the application.

(e) Has submitted a grant application to the authority by July 1. The grant application shall include a certification that the applicant meets the eligibility criteria described in this section and has applied for all state [or] federal loan repayment programs [applicable to a Michigan alternative student loan].

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Sec. 5. (1) The authority shall award an individual eligible under section 4 a grant under this subsection. Subject to subsection (2) and to adjustment under subsection (3), the maximum aggregate amount of the grant is an amount equal to the individual's eligible debt. Before each consecutive year of continuous teaching in any at-risk school, for up to 10 consecutive years, the authority shall award a partial grant in an amount equal to 10% of the amount of the individual's eligible debt. The authority shall apply a partial grant under this section to the

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individual's eligible debt as a prepayment in that amount.

(2) A grant under subsection (1) shall be reduced by an amount equal to the amount the individual is entitled to receive from any state or federal loan repayment program [applicable to a Michigan alternative student loan.]

(3) In any state fiscal year, the authority may adjust the amount of each partial grant under subsection (1) on a pro rata basis, based upon its determination of money available from the fund and from appropriations in that fiscal year. If it makes an adjustment under this subsection, the authority shall notify each grant recipient of his or her obligation to continue to make payments of principal and interest on his or her eligible debt in the manner described in his or her state student loan documents.

Sec. 6. (1) There is created the teachers loan forgiveness fund as a separate fund in the state treasury, to be administered by the department of treasury. The department of treasury may accept money for the fund from any source. The state treasurer shall deposit that money and credit the amount to the fund. The department of treasury shall use the fund only to provide money to the authority for grants awarded under this act.

(2) The state treasurer shall direct the investment of the fund money and shall credit earnings to the fund.

(3) Money in the fund at the end of a fiscal year shall not revert to the general fund but shall be carried over in the fund to the next fiscal year.